

CUBA'S FREE-MARKET EXPERIMENT: Los Mercados Libres Campesinos, 1980–1986*

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In 1970, as part of a comprehensive program of institutionalization, new economic policies were introduced in Cuba emphasizing more extensive use of material incentives, wage differentials, and piece rates to stimulate productivity. Those policies raised the incomes of Cuban workers and created new demands for a better diet and more consumer goods. Yet problems in the state-run domestic food sector made it difficult for Cubans to secure the higher standard of living promised by their increased salaries and wages. In May 1980, the *mercados libres campesinos* (MLCs) were introduced as part of a strategy aimed at harnessing the productive capacities of the peasant sector to help satisfy the resulting pent-up demand. The MLCs provided sites where agricultural producers (free peasants, cooperativists, workers on state enterprises, and owners of small plots and gardens) could sell their surplus production directly to consumers. The law governing the MLCs contained several significant restrictions, but the markets were “free” in regard to prices and quantities sold.

Although the markets resembled those already established in most other countries belonging to the Council of Mutual Economic Assistance (CMEA), the use of free markets to address food problems was not an obvious policy choice for Cuba. Since the mid-1960s, the government of Fidel Castro had shown a marked tendency toward centralization and state control and had resisted even the modest market reforms introduced in the Soviet Union in the mid-1960s (Mesa-Lago 1988, 60). Indeed, Castro’s “radical” positions on the building of socialism often contradicted the “orthodox” Soviet style advocated by Soviet advisors in Cuba and technocrats in the Castro government. His failure to heed their advice has led to some highly problematic economic decision making.

Castro’s differences with more orthodox socialists have been described elsewhere as the pursuit of social goals that are incompatible with economic goals (Mesa-Lago 1981, 2–3) and as clashes between “ideologi-

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cal" and "pragmatic" development policies or pendulum swings between two contending general models of socialist development (Mesa-Lago 1978, 1–29). Such analyses imply that, in a practical sense, the advocates of orthodox methods were motivated only by economic goals and the advocates of radical methods only by political ones (Mesa-Lago 1988, 60–61).¹ Although the officially stated purposes of the MLCs were primarily economic, it would be unwise to assume that the decisions concerning the MLCs were driven exclusively by calculations of economic necessity because when the political interests of the actors involved are considered, even the "ideological" aspect appears pragmatic.

An alternative approach has sought to uncover the economic rationality underlying all changes in Cuban development strategy.² This perspective views shifts in domestic policy as responses to resource-related problems, changes in the international political economy, and revised strategies of capital accumulation (see Bernardo 1971; Zimbalist and Eckstein 1987; Eckstein 1987; Zimbalist and Brundenius 1989). This approach analyzes policies in terms of specific goals and constraints, thus avoiding the problems that arise from interpreting change solely as the result of ideological conflict. The coexistence of policies representing two different development strategies does not pose a serious analytical problem. But this approach gives no analytical importance to conflict among actors with contending interests and therefore cannot speak to the political dimension of policy-making.

When viewed superficially, developments from the mid-1960s to the end of the 1970s support the first approach. The radical model dominated development policy from 1965 to 1970, then the drive to institutionalize the political system and rationalize the management of the economy begun in 1970 introduced orthodox methods. By the late 1970s, however, the periodization breaks down into a "mixed model," and a new demarcation cannot be found until the rectification process in 1986. From the late 1970s to the mid-1980s, no single development ideology dominated. New policies carrying the radical hallmarks of voluntarism and popular mobilization coexisted within such institutional innovations as the *Organos de Poder Popular* (the OPPs or Poder Popular, which began in 1976) and the *Sistema de Dirección y Planificación de la Economía* (SDPE, established in 1975), which attempted to decentralize administration of the economy and bring profitability to state-run enterprises.

Understanding the politics that led to the mixed model requires appreciating the conflict found in the first approach and assuming the rationality that allows the second approach to focus on goals, resources,

1. For a full development of this approach as it pertains to economic policy, see Mesa-Lago (1978, 1981). See also González (1974), Bernardo (1971), and Domínguez (1978).

2. In Zimbalist (1988a), proponents of the second approach critique advocates of the first.

and objective constraints. The mixed policy picture of the 1980s and the counterintuitive turns taken by policymakers in some areas indicate that the policies resulted from complex interactions. It is my contention that decisions about the MLCs resulted from conflicts among political elites and popular group actors that took place in political arenas conditioned by the relative power of each actor. Those interactions involved arguments among advocates of different methods of attaining shared goals of socialist development.

Although the precise moments and immediate reasons for ultimate decisions are often difficult to determine, the lines of conflict can usually be retraced and the actors' interests substantiated either by finding direct evidence or by inferring from known positions and outcomes. The MLCs provide a particularly interesting case study because so much about their development was counterintuitive. Never before had the pro-market tendencies of the orthodox model been taken as far. Yet it occurred at a time of economic downturn, when conditions should have inspired a reaction by opponents of the decentralizing reforms of the 1970s (including Castro himself). Why, then, did Cuban government officials opposed in principle to decentralization agree to privatize a vital economic activity? And why, in spite of a generally favorable reception by consumers and farmers, were the markets terminated in 1986? To answer these questions, this article will examine the political factors involved in the decisions to open the MLCs in 1980, to restrict their operation in 1983, and to end them in 1986.

CUBA'S DOMESTIC FOOD SECTOR

On 28 September 1976, the Cuban leadership publicly acknowledged a crisis in the domestic food sector. From the viewpoint of consumers, the crisis was one of frustrated expectations. The Partido Comunista de Cuba (PCC) announced that because of the international economic crisis, the five-year plan unveiled at its first congress in 1975 could not be carried out fully. Production and consumption had fallen well below planned objectives for a broad range of products, and overall economic growth was falling short of the projected 6 percent annual rate (Communist Party of Cuba 1981, 13). Prior to that time, the 1970s had witnessed unprecedented economic growth, with substantial increases in the harvests of most food crops.³ But for many products, the rate of growth diminished noticeably in the second half of the decade. Tuber and root

3. Beans were a major exception. Data for agricultural production refer to amounts collected by the state wholesale enterprises (acopio). Actual production was probably higher, but actual distribution may have been lower due to problems with collection, transportation, and storage.

production increased by 142 percent between 1970 and 1975 but slowed to 85 percent between 1975 and 1980. Cereal production, a minor exception, grew 17 percent in the first five-year period and 26 percent in the second. Vegetable production rose dramatically at first, increasing 186 percent between 1970 and 1975, but decreased by 6 percent between 1975 and 1980. Fruit production increased by 75 percent in the first period and by 33 percent in the second period.⁴

Such growth rates would be impressive if they had inspired long-term consumer confidence. But even the usually optimistic assessments found in official publications reflected serious problems. Party statistics on production claimed growth of 20 percent in total retail sales between 1975 and 1980 but noted no increase in basic foodstuffs over the previous five-year period. Growers achieved only 61 percent of the planned quantity for root crops, 70 percent for vegetables, and 88 percent for fruit in 1978. By 1979 the record had deteriorated to 53 percent, 54 percent, and 63 percent respectively, even without subtracting for waste and spoilage caused by problems with transportation, storage, and refrigeration.⁵ In addition, the PCC noted unspecified difficulties in distributing coffee, rice, and cornmeal to the domestic retail market (Communist Party of Cuba 1981, 27).

The data on distribution for 1976 to 1979 also support the impression of decline. The public distribution of grains and cereals through official sources decreased by 15 percent from 1976 to 1977, increased by 12 percent from 1977 to 1978, and increased by only 4 percent between 1978 and 1979, yielding a 1979 level that was 0.5 percent lower than that in 1976. Over the same three-year period, the distribution of fruits and vegetables decreased by 7 percent, increased by 9 percent, then fell by another 4 percent. Dairy products dropped by 2 percent, increased 13 percent, and then increased only 0.8 percent. Meat distributions increased by 10 percent, then 8 percent, and finally 1 percent.⁶ Despite the safety net provided by the rationing system, production problems clearly had immediate effects on consumers because the quantities allotted to each Cuban household are based on projections of anticipated supplies (Handelman 1981–82, 136). Consistent with these data, consumers perceived that the supply of food available to them improved substantially around 1973, leveled off around 1975, and declined between 1977 and 1979. Some improvements occurred, due mainly to increased supplies of imported processed foods from Eastern Europe and China, but traditional homegrown

4. Percentages calculated from data in Rodríguez (1987, p. 39, t. A4).

5. Alberto Pozo, "Comercio: problemas que afecta a la población y sus soluciones," *Bohemia*, 7 Mar. 1980, pp. 57–58.

6. Percentages calculated from U.S. CIA (1984, p. 15, t. 13).

products like black beans, *malanga* (taro root), *yuca* (cassava), plantains, and fresh pork remained in short supply through official channels.⁷

The inadequacies of official sources fostered a black market in farm products, which became a significant provider of food products during most of the 1960s and 1970s. Consumers illegally purchased farm products either directly from farmers or through intermediaries. Those purchases represented a vital source of nutrition and variety for the average Cuban household and claimed a substantial portion of household income.⁸ In 1978–79, however, the national police began to vigorously enforce existing proscriptions against the black market (Handelman 1981–82, 140). Those arrested were mainly intermediaries and transporters of goods, but some farmers were also punished. For private farmers, the penalties included confiscation of their lands. Consequently, the already cautious farmers began to cut back severely on sales outside official channels.⁹ This curtailment of the black market intensified the effect on consumers of official-sector problems with production and distribution. The lack of a thriving unofficial sector thus required innovative methods for the state to keep its commitments to Cuban citizens.

The MLCs were not the first measure to be taken. In the 1970s, new methods of food distribution were developed to supplement the rationing system. Parallel markets (*mercados paralelos*) were instituted to sell surplus quantities of manufactured goods (including processed foods) and items considered basic but nonessential, like tobacco and alcoholic beverages. Prices in the parallel markets were intended to respond to or regulate supply and demand, control levels of consumption, stimulate production, and extract a profit without being prohibitive for the average consumer. Such prices were generally higher than ration-book (*libreta*) prices for comparable items (*Opina* 1980a, 14).

7. Based on interviews with twenty subjects who left Cuba between 1985 and 1991. The interviewees came from Havana City and Province, Pinar del Río, Matanzas, Ciego de Avila, and Camagüey and included workers, academicians, students, a physician, an actor, engineers, housewives, and farmers. Each was asked: "From your experiences as a consumer, how would you describe the food situation in Cuba during the 1970s?" Their responses were nearly identical in regard to variations in availability, supply, prices, and quality over time.

8. Regardless of income level, all informants except the two farmers identified black-market food purchases as their largest single expenditure of disposable income in the 1970s. For low-income families, such expenditures represented the largest single item in their household budget and often the only expenditure beyond housing and rationed goods. A physician who left Havana in January 1991 claimed that 200 pesos of her monthly salary of 345 pesos went for food and that at least 100 pesos were spent on the black market. Interview in Miami, 11 Mar. 1991.

9. According to two former private farmers from Camagüey, farmers began refusing to make legal sales to consumers who visited their farms from the cities. Personal interview, Miami, 14 and 17 Mar. 1991. See Handelman for a summary of the rules governing direct sales by private farmers (1981–82, 139–40).

During the 1970s also, some items were removed from the *libreta* and were sold through official channels at controlled prices (usually higher than *libreta* prices) with no limits on the quantities purchased. This new system, called *de venta libre*, loosened state control over consumption but not over production, price, or the machinery of retail distribution. To relieve the burden of higher prices on low-income families, the number of meals served at nursery schools and worker and school cafeterias was increased (Communist Party of Cuba 1981, 27). By early 1980, officials began to predict the eventual elimination of rationing and the development of new socialist methods of distributing consumer goods (Communist Party of Cuba 1981, 27; Handelman 1981–82, 135).¹⁰

In production, the major innovation during the late 1970s and 1980s was the *Cooperativa de Producción Agropecuaria* (CPA). The CPA movement was officially launched at the fifth national congress of the *Asociación Nacional de Agricultores Pequeños* (ANAP) in 1976. Around 1980, Castro abandoned his ambivalence toward cooperatives and began to support the CPAs (Lau Rodríguez and Brook Lorains 1985, 115).¹¹ Although the idea was mentioned at the first PCC congress in 1975, it was the second congress in December 1980 that proclaimed CPA formation as a “fundamental aim” of agrarian policy. Cooperatives had previously been considered a transitional form that was superior to individual private farms but inferior to state farms. The second PCC congress, however, bestowed on cooperatives a status nearly equal to state farms in the dominant ideology of development (Communist Party of Cuba, Central Committee 1977, 247–49).¹² As this new force emerged in the agricultural sector, individual private farmers became increasingly marginalized politically, despite their continuing economic importance.¹³

10. See also Pozo, “Comercio,” *Bohemia*, 7 Mar. 1980, p. 58.

11. Creation of the CPAs began in 1976 with a mandate from the first PCC congress held in 1975, according to Angel González of the ANAP Provincial Bureau. Personal interview, Matanzas, 26 June 1987. CPAs were the first approved cooperatives that actually pooled land and resources. The other major form of rural cooperativization is the *Cooperativa de Créditos y Servicios* (CCS), in which private farmers retain individual control over their properties but pool their resources in obtaining inputs of production and negotiating production contracts with the *acopio*.

12. The few agricultural cooperatives that existed before 1976 were much looser structures than the CPAs of the 1980s. Castro’s support for the CPAs identified them as a new method for bringing peasant production under closer control by the state, one that stopped short of full incorporation into the state sector. In official parlance, both private farmers and CPA members are considered *campesinos*. State farm members are *trabajadores*.

13. By 1983 private farms claimed only 9 percent of the agricultural land. The whole peasant sector declined from 30 percent of the land under cultivation in 1975 to 20 percent in 1982 (Deere 1984, 25). Between 1975 and 1984, the peasant sector (including private farms and CPAs) were producing 70.3 percent of the tobacco, 45.2 percent of the coffee, 37.7 percent of the tubers and root crops, 64.2 percent of the vegetables, 63.6 percent of the beans, and 31.7 percent of the fruits grown in Cuba. These percentages were calculated from Rodríguez (1987, 39, t. A4).

New marketing and production policies indicated the influence of elites with approaches to development differing from Castro's. In the 1970s, Castro had distanced himself from the specifics of economic development policy to concentrate on making foreign policy and revitalizing organized popular support for his continued political leadership.¹⁴ When conditions in the domestic food sector began to deteriorate in 1976, the decentralizers were able to propose solutions that, if successful, would bolster their own status within the government and help revitalize support for Castro.

ORIGINS, GOALS, AND CHARACTERISTICS OF THE MERCADOS LIBRES CAMPESINOS

Available accounts indicate five general features of the decision making regarding the MLCs. First, during the 1970s, intense infighting was going on within and among branches of the Cuban government and party concerning the use of free markets and related issues of economic decentralization. Second, the long and complex fight over the markets involved several institutions and paralleled contemporaneous political contests over implementing the SDPE and related issues. Third, political interests, sectorally and institutionally defined, mainly determined the positions taken by officials. Fourth, President Humberto Pérez of the Junta Central de Planificación (JUCEPLAN), the leading voice of technocratic and "orthodox" tendencies within Cuban socialism, led the fight for the markets. Finally, Castro's ultimate position in favor of the markets cannot be explained by his ideology nor could it have been predicted by his previous positions on economic issues.¹⁵

In the early 1970s, a vigorous debate took place in the Ministerio de Agricultura (MINAG) between the proponents of Libermanism (combining central planning with the limited use of markets and enterprise-level autonomy) as implemented in the Soviet Union in 1965 and supporters of

14. According to former government officials and economists, between 1975 and 1986, professional planners and economists were more important in the conduct of the Cuban economy than in any period before or since. Interviews with José Luis Llovio-Menéndez, New York, 7 Feb. 1989; Rafael Núñez, former Head of Mission for International Organizations for the foreign trade ministry, Coral Gables, Fla., 30 Apr. 1991; Nelson González, Miami, 30 Nov. 1989; and Juan Benemelis, Miami, 14 Mar. 1991. Llovio-Menéndez left Cuba in 1982, Núñez in 1989, González in 1983, and Benemelis in 1980.

15. Politics at the top levels of the Cuban government are opaque at best to outsiders. Although I have benefited from interviews with two knowledgeable insiders with first-hand experience in the processes leading to the opening of the markets, any description of the actual deliberations must be regarded as tentative. I describe only those aspects of the process on which both informants agree, or for which differences are not contradictory and are easily attributable to particular institutional vantage points. Llovio-Menéndez served as a senior advisor to the Comité Estatal de Finanzas during the deliberations that produced the MLCs. Juan Benemelis was an assistant to the vice-minister for human resources in the Ministerio de Agricultura until early 1980. He left Cuba shortly before the markets opened.

more centralized forms of control. The debate concerned the organization of state agricultural enterprises, the future of the private sector, and the subsequent implementation of the SDPE.¹⁶ Juan Benemelis, former assistant to the vice-minister for human resources in the MINAG, also placed the SDPE in the context of Libermanism, emphasizing that supporters always couched their arguments in terms of perfecting the existing system.

Proposals for the limited use of free markets also emerged early in these debates. Soviet and Bulgarian advisors in the MINAG were particularly sanguine about Cuba emulating the Soviet experience. In 1972 a vice-minister of agriculture from the Republic of Moldavia attached to the MINAG began seeking support for a free peasant market within the MINAG and in presentations to the Central Committee of the PCC. Castro resisted the pressure, however, even after the foreign advocates were joined by Humberto Pérez and Cuban officials in the MINAG.

In the mid-1970s, a report concerning the feasibility and impact of free peasant markets was developed in the MINAG's Departamento Campesino. The report became the basis for two proposals drafted under the tutelage of the Soviet advisor.¹⁷ The first proposal was intended for presentation at the first PCC congress in 1975. The second probably became part of the MINAG's contribution to post-congress work on the markets.¹⁸

The first proposal was never taken up at the congress. Along with many other economic reform measures, it was set aside due to the urgency of events in Angola. Instead, the congress established la Comisión de Implantación del Cronograma de Trabajo to schedule implementation of various economic reforms. Castro was its formal head but did not attend meetings. Commission Secretary Humberto Pérez became the de facto leader.¹⁹ The process that actually led to implementing the MLCs began in 1977 at the interagency Comisión para la Implementación del SDPE (hereafter referred to simply as the Comisión).²⁰ The members of the Comisión,

16. Interview with Benemelis. Zimbalist objects to characterizing the SDPE as market socialism, preferring to call it "a Liberman reform-type model that fully preserves central planning" (1988a, 12).

17. Benemelis was not aware of the precise contents of the proposals.

18. The Departamento Campesino was also deeply involved in the CPA movement, which may help explain why the problems the MLCs caused for the movement were unanticipated. Interview with Benemelis.

19. Benemelis regularly attended weekly meetings with the vice-minister of the Ministerio de Agricultura para Recursos Humanos.

20. The only firsthand account I have been able to obtain of the process comes from Llovio-Menéndez and reflects the limitations of his vantage point at the Comité Estatal de Finanzas. Interviews with Llovio-Menéndez. Benemelis concurs that such ad hoc interagency commissions were common and provided the most important source of policy initiatives, innovations, and feasibility studies for new programs. The commissions and their studies were most often organized by JUCEPLAN and included representatives of the institutions whose areas of responsibility were affected. He was aware of the Comisión and its pro-market tendencies but could neither confirm nor deny its role in developing the MLCs proposal. Benemelis found Llovio's account plausible. Llovio, for his part, seemed unaware of the earlier

aware that Castro had been impressed with the farmers' markets he had seen in the Soviet Union and Eastern Europe in 1972, adopted a position similar to that of the reformers in the MINAG, arguing that the Eastern European experience showed that allowing an important role for private agricultural production would not jeopardize the entire system.²¹

Comisión members from the Comité Estatal de Finanzas and the Ministerio de Comercio Interior began a feasibility study to predict the economic effects of expanded direct sales of agricultural surpluses. The project was begun without an explicit mandate from Castro, and with the knowledge that he opposed free markets in principle.²² The authors nevertheless felt that Castro's sensitivity to popular frustration with the food situation would make him receptive to new approaches.

As the work evolved, drafts were circulated and revised within the various institutions represented in the Comisión. Toward the end of 1977, Comercio Interior made a formal presentation before the Comisión that actually proposed a free peasant market. The document called for a significant rate of taxation, restrictions on who could sell and what could be sold, and provisions for a corps of state inspectors to enforce rules and regulations. The number of market sites would be limited, and the state would retain the authority to control prices and quantities as needed.²³

Although this document caused a predictable controversy, Castro's response was surprising. He rejected the proposal but commended the idea. Moreover, he objected most to the proposal's restrictions, arguing that only a truly free market could harness the laws of supply and demand in the service of socialism. At the close of the meeting, he directed the authors to continue their work and submit a revised proposal.

Why Castro warmed to the idea of free markets in the late 1970s is not entirely clear. A conjuncture of domestic and international pressures seems to have created an urgent political need for a rapid improvement in the domestic food sector that did not require a massive infusion of state resources.²⁴

In 1978 a revised proposal was brought before the Comisión with the endorsement of Comercio Interior and the Comité Estatal de Finanzas.

work on free markets done at the MINAG and gave the impression that the idea originated in 1977 with the work of the Comisión.

21. Interview with Benemelis; see also Montaner (1985, 5).

22. Interview with Llovio-Menéndez. Benemelis noted that this kind of study was typical of the purposes and methods of such commissions. The MINAG proposals received support and input from JUCEPLAN but were not prompted from outside the ministry. Interview with Benemelis.

23. Interview with Llovio-Menéndez. Neither Llovio nor Benemelis could recall the exact method or rate of taxation proposed.

24. CMEA membership in 1972 committed much of export production to barter arrangements for capital and consumer goods, while problems with balance of payments and hard currency mounted. Interview with Rafael Núñez.

It was again sent back for further study and modification. From 1978 to 1979, JUCEPLAN joined the two ministries in further revising the proposal. Later in 1979, a new document, endorsed by all three agencies, was presented to the Comisión by JUCEPLAN President Humberto Pérez and the vice-president of state and secretary of the Comité Ejecutivo del Consejo de Ministros, Osmany Cienfuegos.

After a lengthy discussion, Castro recommended the report for consideration by the Executive Committee of the Council of Ministers. In late 1979, the Executive Committee used the final Comisión proposal to draft and approve Decree 66. The Comisión was given responsibility for implementing the decree, and by May 1980 the MLCs were ready to start opening.

Decree 66 created markets that were neither completely free nor easily controlled. It contained numerous stipulations. All sellers were to be private farmers, CPA members, state farmers, or *parceleros* (owners of agricultural backyards, patios, or small rural plots). The CPAs were required to distribute their profits according to the formula established by their governing boards. State-farm profits would go to the enterprises' recreation and development funds. Sellers could deal only in products grown on their own lands because the resale of products grown elsewhere was prohibited. Prices would be determined, without government intervention, through the free interaction of buyers and sellers. Crops deemed valuable for foreign exchange (like cocoa, sugar, tobacco, and coffee) could not be sold. Beef too could not be sold in order to build up the national herd. Sellers were restricted to the nearest local market unless otherwise authorized (thus preventing sellers from converging on the largest and wealthiest markets, especially those in Havana). Sellers were required to provide their own transportation (see Rojas, Hernández, and Ravenet 1985, 275). The Organos de Poder Popular were in charge of administering market sites, checking documentation, assigning stall space, and collecting fees (Benjamin, Collins, and Scott 1984, 64). Finally, farmers had to certify completion of contracts for *acopio* (amounts collected by the state wholesale enterprises) for all products sold in the MLCs.²⁵

These provisions of Decree 66 were announced at meetings of the Asociación Nacional de Agricultores Pequeños (ANAP) early in May 1980. Immediately thereafter markets began to open throughout the island.

POLITICAL INTERESTS AND SECTORAL GOALS

Elites and Institutions

In official accounts, the MLCs were hailed as a method for solving three problems: alleviating the food production and distribution prob-

25. Lázaro Barredo Medina, "Operación Pitirre en el Alambre," *Granma*, 17 Mar. 1982, p. 5.

lems that had arisen in the 1970s (Communist Party of Cuba 1981, 27); stimulating peasant production by providing adequate incentives (Rojas, Hernández, and Ravenet 1985, 275); and eliminating the black market.²⁶ Yet the law governing the MLCs represented a compromise among individuals and groups with diverging interests in decentralizing the economy and expanding the role of the private sector in socialist development.

The authors of the MINAG and Comisión proposals viewed the markets as part of a strategy of decentralizing reforms that would improve socialist economic performance. The strongest institutional support for the MLCs came from JUCEPLAN, the Comités Estatales de Finanzas y Estadísticas, ANAP, Comercio Interior, and the MINAG.²⁷ Prominent advocates included Humberto Pérez, Osmany Cienfuegos, Diocles Torralba (deputy prime minister and member of the Comité Central del PCC), Carlos Rafael Rodríguez (vice-president and member of the Buró Político del PCC), and the Soviet and Bulgarian advisors in the MINAG.²⁸ These individuals saw the MLCs as not just a tactic but part of a progression toward a more open, responsive economic system. For example, Pérez suggested in early 1980 that consumers be allowed to dictate the policies of producers.²⁹ In contrast, Castro and others agreed to allow the markets but remained fearful that relying on the profit motive to stimulate production would encourage greed in private farmers and undermine the state's ultimate goal of complete collectivization (Benjamin, Collins, and Scott 1984, 62). Castro's view was seconded by Arnaldo Milián (member of the Buró Político and Comité Central with responsibility for the MINAG) and by various PCC provincial first secretaries who feared that greater independence and a larger role for the private sector would threaten the PCC's institutional control over agriculture.³⁰

The expanded role of technocrats in the domestic economy increased the influence of bureaucratic politics in policy questions. Market research

26. All my informants observed that the black market for farm products either disappeared or was reduced drastically with the opening of the MLCs. Black-market sales of other items, however, continued.

27. The support of the Comité Estatal de Finanzas for the MLCs was muted by Castro's refusal to allow a tax rate that could produce significant revenues. Interview with Llovio-Menéndez.

28. Llovio-Menéndez named Pérez and Cienfuegos, based on his knowledge of the deliberations of the Comité Ejecutivo. Telephone conversation with Llovio-Menéndez, 9 Feb. 1989. Benemelis corroborated Llovio's list and added the Soviets, the Bulgarians, and Torralba, a "superminister" with jurisdiction in the Consejo de Ministros over the ministries of Azúcar and Agricultura. Interview with Benemelis. Another source that mentions Rodríguez is Benjamin, Collins, and Scott (1984, 63).

29. See also Alberto Pozo, "Investigación científica de la demanda," *Bohemia*, 30 May 1980, p. 48.

30. Benemelis mentioned the opposition of Milián to the MINAG proposal and the importance of the provincial first secretaries in setting agricultural policy, a matter that will be discussed further.

and calculations of supply and demand carried out by the Instituto Cubano de la Investigación y Orientación de la Demanda Internal (ICIODI), JUCEPLAN, Comercio Interior, and the MINAG, which were often ignored in the more politicized aspects of the command economy, took on new importance in the studies that led to the free markets.³¹ The mission of ICIODI was particularly suited to the use of free markets in the domestic food sector. Since 1972 ICIODI has conducted modern market research, using surveys and in-depth interviews to determine consumer preferences. The institute also became a conduit for ideas from abroad. It hosted a conference of CMEA domestic trade ministers on 19–21 May 1980 and an international seminar in June on the study of demand, which included representatives from socialist and market economies (*Opina* 1980c, 4). A book written by ICIODI Director Eugenio Balari contained a positive assessment of the markets' service to consumers (Balari 1985, 122–23). And a year after the MLCs closed, another top ICIODI official observed that the recent retreat from the use of markets had devalued the methods of market research used by ICIODI (Benítez 1987).

The Soviet government and Soviet advisors in Cuba clearly favored decentralizing reforms of the Cuban economy, although the importance of direct Soviet support for the MLCs is difficult to determine. The MLCs were similar to the markets used in other socialist countries,³² and many Cuban supporters of the MLCs had previously supported other Soviet-style reforms. I found no evidence, however, of direct Soviet involvement in the deliberations of the Comisión.³³ Soviet and Bulgarian advisors in the MINAG were central to earlier discussions, but their efforts had failed to persuade Castro because their interest in free markets was part of a more general desire to decentralize administration of state agro-enterprises and shift responsibility for the state sector from the PCC provincial first secretaries to the MINAG.³⁴ Nonetheless, the lines of conflict over the market proposals did not always follow the established split between orthodox (pro-Soviet) and radical (Fidelista) approaches to development. For example, Osmany Cienfuegos, a Fidelista who opposed Soviet calls for restraint in Third World foreign policy during the 1960s (Domínguez 1978, 307–9, 533–34), sided in support of the MLCs with Carlos Rafael

31. Interview with Benemelis.

32. Magda Martínez, "Mercado libre campesino: un paseo de avance," *Bohemia*, 13 June 1980, p. 56.

33. Llovio-Menéndez claims that the advisors attached to his section of the Comité Estatal de Finanzas gave advice only as requested by their Cuban colleagues. Telephone conversation with Llovio-Menéndez. Manuel Sánchez-Pérez, former vice-minister of the Comité Estatal de Abastecimiento Técnico-Material, reported that the same was true for the advisors in his organization (Montaner 1985, 6).

34. Interview with Benemelis. Official agrarian policy is dedicated to eliminating the private sector in favor of cooperatives and state agro-enterprises (Communist Party of Cuba, Central Committee 1976, 43–52), while Castro most strongly supports the large state enterprises. On Castro's resistance to Soviet pressure, see González (1974).

Rodríguez, a holdover from the Moscow-oriented, prerevolutionary Communist party (the Partido Socialista Popular, or PSP) and a major proponent of orthodoxy.

Within the MINAG, the Cuban principals in the conflict over market policy were Diocles Torralba and Arnaldo Milián. Torralba, who had served under Raúl Castro in the 26th of July Movement, was closely allied with Castro in the government but supported the free-market proposals. Milián, a former PSP official who had served as first secretary for the province of Las Villas from 1961 to 1976, opposed them.³⁵ These individuals' stances on the markets arose not from their prior affiliations but from their institutional interests.

During most of the 1970s, the MINAG and the provincial PCC organizations divided administrative control of agricultural production. The MINAG was nominally responsible for production but had little control over the critical area of enterprise management. The provincial party organizations approved the appointments of all state enterprise directors, and each first secretary met annually with Castro to fine-tune provincial production plans. Neither MINAG nor JUCEPLAN officials took part in those meetings. In dealings with the MINAG, the first secretaries became advocates of the positions developed in their conferences with Castro. Milián's position on the free markets was that of a provincial first secretary. He took that orientation along with him to the political bureau in 1975 and to the Consejo del Estado in 1976. By the time he became agriculture minister in 1980, the MLCs had already been approved.

Torralba was also a party first secretary (Pinar del Río Province) but became the Ministro de Azúcar (MINAZ) in 1972. During the debates on the market proposals, his power derived mainly from his ministerial post and his responsibility in the Consejo de Ministros for overseeing the MINAG and the MINAZ.³⁶ From 1972 to 1975, the activities of the MINAG and JUCEPLAN were closely coordinated in developing a free-market policy. As noted, Humberto Pérez was deeply involved in the MINAG proposals and became a central player in realizing both the MINAG and the Comisión proposals.³⁷

35. Interview with Benemelis. Torralba's prerevolutionary affiliation comes from González (1979, 13). Milián was appointed to the Las Villas post by Aníbal Escalante, the organization secretary purged in 1962 and again in 1968 for his activities on behalf of a stronger, more orthodox Soviet-style party (Domínguez 1978, 309–10).

36. Interview with Benemelis; see also Llovio-Menéndez (1988, 307–9).

37. All my informants were aware of Pérez's role as an economic reformer. I interviewed a range of professionals: two former government economists (one who left Cuba in 1983, the other in 1989), a graduate student in economics and son of a dean at the University of Havana (who left in 1986), two psychologists (who left in 1987), a metallurgist and a translator of French (both of whom left Cuba in 1990). All of them knew of Pérez's activities either directly or through friends in the government. The metallurgist and the psychologists felt certain that it was common knowledge among the intelligentsia, although probably not among workers.

Pérez's preference for a more decentralized economy was supported by his staff at JUCEPLAN. In the late 1960s and early 1970s, many of the new staffers hired were part of a wave of technocrats trained in the Soviet Union. They brought with them current Soviet ideas about the need to decentralize control of the economy, stimulate private-sector production, and bring profitability to state enterprises.³⁸

The positions held by the MINAG and JUCEPLAN brought them into conflict with the provincial first secretaries and the managers of state enterprises over the question of control of private agriculture. As late as 1977, state enterprises planned the production of the private farmers in their areas to complement their own. The acopio was situated in the state enterprises, and the enterprises controlled the inputs of production used by private farmers (Ghai, Kay, and Peek 1988, 22–23). In discussing the MINAG proposals, Pérez advocated breaking the administrative control of the state enterprises over the private farmers.

At Pérez's urging, and with the support of the MINAG, a compromise was struck in the political bureau. It left the first secretaries and the state enterprises in control of peasant production of important export crops such as sugar, rice, citrus, and tobacco, as well as a substantial portion of the staples grown for domestic consumption. Responsibility for all other private domestic food production, however, shifted to the reformers in the MINAG and JUCEPLAN.³⁹ An independent plan was developed for small peasant production that limited the authority of the state enterprises. The acopio was removed from the state farms, and the MINAG and ANAP began to deal with the credit and services cooperatives to set quotas and supply needed resources (Ghai, Kay, and Peek 1988, 84–85). The new arrangement meant a more direct relationship between the small farmers, the MINAG, and JUCEPLAN. By weakening an important source of opposition, the compromise set the tone for the later ratification of the MLC concept.

Ironically, on the questions of taxation and price controls, Decree 66 represented a victory for opponents of the free market. In the MINAG, Milián had argued that unless the state took a strong intermediary role, peasants could outmaneuver tax collectors by underreporting profits. MINAG officials had argued that, with ANAP's help, they could tax peasants based on the amounts of seed and other inputs purchased above quantities needed to satisfy acopio contracts (that is, the state could tax anticipated surpluses based on estimated quantities of inputs devoted to

Two workers (who left in 1988 and 1989) and one former seminarian (who left in 1989) were also aware of Pérez's role but were not certain whether they learned of it while in Cuba or later.

38. Interview with Benemelis.

39. *Ibid.*

the free market). JUCEPLAN offered its support in tracking the amount of paper money reaching the peasants. If farmers appeared to be earning too much by cheating on their taxes or diverting resources from production for the *acopio*, then a ceiling could be placed on free-market prices and *acopio* prices could be raised.⁴⁰ But methods that depend on financial and bureaucratic mechanisms fall outside of the direct knowledge and control of Castro and the first secretaries. Therefore price controls and progressive taxation would have made Castro dependent on the reformers and their institutions to assess MLC performance.⁴¹ Without price controls or a complicated taxation system, Castro was able to establish his own criteria.

Popular Support

Grass-roots support for the free markets came from private farmers and a broad spectrum of Cuban consumers, although organized popular support was generally weak. Of Cuba's many interest-based mass organizations, the small farmers' association (ANAP) was the most directly concerned with the outcome of debates over free-market policy. ANAP appears to have supported the decision to open the MLCs, but its actual role in promulgating the policy remains unclear. Until 1982 ANAP's only public act concerning the markets was to announce their opening and explain Decree 66 to its members. This action was important, however, in stamping the organization's imprimatur on the policy. Yet solid and intense support among ANAP's rank and file cannot be assumed. ANAP is a complex organization that includes individual private farmers, *parceleros*, and members of the *Cooperativas de Producción Agropecuaria* engaged in a full range of agricultural production. Free markets affected various kinds of producers and products differently. Those differences eventually split the ANAP membership and changed its position from support to ambivalence and, finally, to opposition.

As CPA members came to dominate ANAP, their interests became an essential part of social policy.⁴² Although no evidence suggests that the party or ANAP leadership initially perceived the MLCs as inimical to the goal of cooperativization, it was clear that any perceived decline in the CPA movement could threaten the MLCs. Documents from the second PCC congress in 1980 indicate that all new marketing arrangements were

40. *Ibid.*

41. The point that Castro derives greater political advantage from using physical measures of output and supply than from administrative or price-related mechanisms has been established in earlier studies of the adoption of the radical model in the 1960s (Bernardo 1971; Silverman 1973).

42. According to two former peasants, CPA members gained importance after the fifth national congress in 1977 and dominated local meetings by the early 1980s. Personal interviews, Miami, 14 and 17 Mar. 1991.

designed with the growth of the CPA movement in mind and could change in response to the needs of the CPAs (Communist Party of Cuba 1981, 173).⁴³ But as the markets opened, ANAP leaders took the position that MLC profits would further the cause of CPA formation as private farmers realized how the superior access to resources afforded by CPA membership made it easier to fulfill *acopio* contracts and produce marketable surpluses.

Consumers too played an important political role in bringing about the markets. During the late 1970s, they complained regularly to each other and occasionally to state representatives about the limited availability of fresh produce and other native food products.⁴⁴ The passage of Decree 66 transformed consumer pressure on the government for change into consumer support for the MLCs. Because Castro depended on popular support for the legitimacy of his leadership, he was sensitive to the effects of the state's problems with increasing levels of consumption. Consequently, if the MLCs worked, it would be a political victory, despite the ideological compromise entailed.

Castro led consumers to expect low prices in the MLCs. Unfortunately, however, consumers' expectations were based on prior experiences with the *libreta* and the parallel markets, which did not prepare them for actual scarcity prices in the Cuban economy. Because basic needs were still being heavily subsidized and most Cubans had disposable income, prices on the only legal free market started high and were very difficult to bring down. MLC prices quickly equaled black-market levels. Nevertheless, Castro argued against price controls in the meetings of the Comisión, a fact that is either curious or curiously revealing.⁴⁵ Apparently, the limits of consumer influence over market policy were quickly reached.

In Cuba, consumers do not exist as an organized political entity. The only organization expressly concerned with consumer affairs, the ICIODI, is a research institute rather than a representative body or an advocacy group. Its responses to consumer interests were not political, and over the long run, the ICIODI's bureaucratic interest in the free markets was diluted by the expansion of a system known as *venta libre*, for which it selected the goods (Handelman 1981–82, 135). Consumer pres-

43. Although the publications of the second PCC congress contain a lengthy discussion of the party's commitment to the CPA movement, they merely mention the opening of the MLCs (Communist Party of Cuba 1981).

44. All twenty Miami informants and several more with whom I spoke in Cuba in June and July of 1987 agreed that problems in the domestic food sector were a popular topic of discussion and a source of discontent in the late 1970s. They all felt that the complaints reached government officials and were significant in the decision to open the MLCs. The two psychologists I interviewed recalled related discussions at "rendering of accounts" meetings of their municipal OPP. Personal interviews, Coral Gables, 27 Apr. 1990.

45. One argument made to Castro by supporters of the MINAG proposals was that free markets would bring black-market activities under state control. Interview with Benemelis.

sure was effective in conjunction with other pressures, but when facing solid opposition from top government leaders, consumer interests fared less well.

1980–1982: EARLY OPTIMISM, MOUNTING PROBLEMS

Early reaction to the markets was favorable. Consumers of all income levels were gratified by the quantity and quality of the merchandise that suddenly became available.⁴⁶ Discussions in the popular press were positive—even enthusiastic—and the few government officials who commented for the record seemed pleased.

Peasants took to the markets with great alacrity, although some may have seemed reticent initially about participating. According to one contemporary press report, rumors had circulated that the state would confiscate anything not sold by the end of the day, that the stalls cost too much to rent, and that *autoconsumo* allowances would be cut if too much were sold (Capote 1980, 11). Peasants were nonetheless generally anxious to take advantage of the markets.⁴⁷

Press reports from various locations described the markets as operating smoothly (Capote 1980, 10–11), portraying a festive atmosphere with lively interchange between buyers and sellers and a steady influx of new products.⁴⁸ The variations in prices noted seemed to correspond to differences in the supply and quality of goods and in the preferences of the individual sellers.⁴⁹

Apparently, the violations that later became so egregious were not yet in evidence. According to one journalist who visited at least a dozen sites, all sellers had the necessary authorization from their municipal Organos de Poder Popular (Capote 1980, 11).⁵⁰ ICIODI's popular magazine praised the MLCs for greatly enlarging the availability and variety of fresh produce and its positive effect on the institute's campaign for a health-

46. Regardless of income level or region, all twenty informants were enthusiastic about the role of the MLCs in their lives.

47. According to two former peasants, such fears were short-lived. The announcement and explanation of the MLCs made by ANAP reassured them, and they moved quickly lest the markets be eliminated without notice. Personal interviews, Coral Gables, 14 Mar. 1991; and telephone conversation with author, 17 Mar. 1991. Both informants left Cuba in 1989.

48. At this early stage, descriptions in the Cuban press were nearly identical to those provided by my informants. See Martínez, "Mercado libre campesino," *Bohemia*, 13 June 1980, pp. 56–57.

49. Consumers in Ciego de Avila, Matanzas, and Camagüey observed little variation in prices among sellers. Those who shopped in Havana said that prices varied slightly and that they could take advantage of the large numbers of sellers and market sites to do comparison shopping. Interviews conducted in Miami, Coral Gables, and Hialeah, 1989–1991.

50. Two former peasants from Camagüey told me that it would have been very difficult for them to sell illegally because documentation was being checked carefully by local ANAP officials as well. Interview and telephone conversation with author.

ier diet (Opina 1980b, 45; 1981, 38–39). Although public statements by political leaders praising the MLCs were rare, ANAP President José Ramírez privately expressed great pride in the contribution that the peasants were making to the domestic food supply through the MLCs.⁵¹

Service to the Consumer

For much of the population, the Mercados Libres Campesinos filled a void. But high prices prevented the average consumer from buying as much or as often as he or she would have liked. Government officials had led consumers to expect that initially high prices in the MLCs would decline when farmers discovered natural-market prices and supplies caught up with demand. Instead, prices started higher than expected, rose steadily between 1980 and 1982, and occasionally soared dramatically (Benjamin, Collins, and Scott 1984, 65).⁵² The Cuban press remained positive through the end of 1981. Consumers adjusted their expectations concerning prices and quickly came to depend on the markets for certain items. Those interviewed considered prices high but not exorbitant. As examples, garlic typically sold for twelve pesos for fifty bulbs; ristras of purple onions for three to five pesos; and five pounds of yuca for one peso.⁵³

Meanwhile, government officials retained their faith in the laws of supply and demand. Slight variations in prices existed locally among sellers and market sites, and certain items were substantially higher in the Havana markets than in the outlying areas. The government hoped that the CPAs would help keep prices down and fostered that impression through the popular press. Buyers, however, generally did not know or care from whom they were buying and could not tell based on prices or the quality of merchandise (some sellers hung signs on their stalls identifying their farms or CPAs by name, but most remained anonymous).⁵⁴ By 1982 at least one market was operating in each of Cuba's 169 municipalities (Benjamin, Collins, and Scott 1984, 64). Despite the high prices, consumers continued to buy because many of the goods offered could not be obtained

51. Interview with Llovio-Menéndez.

52. Eight of the eighteen nonfarmers I interviewed (mostly workers, housewives, and professionals) admitted that their expectations were based on experiences with the libreta and that MLC prices were a shock at first. They were nonetheless impressed with the quality of the merchandise and soon adjusted their expectations.

53. See Orlando Gómez, "Un comentario: rápido despegue y buena marcha caracterizan el inicio de los mercados libres campesinos," *Granma*, 10 June 1980, p. 2; and Martínez, "Mercado libre campesino," *Bohemia*, 13 June 1980, p. 56. My informants found these prices to be low but within normal ranges.

54. Various interviews in Miami, Hialeah, and Coral Gables, 1989–1991. According to an article in *Bohemia* in 1981, CPA members were charging 25 to 67 percent less. See Magda Martínez, "Abaratar los mercados," *Bohemia*, 24 July 1981, p. 33.

elsewhere and few other outlets existed for disposable income.⁵⁵ Sellers understood the situation and allowed demand to drive prices. They raised prices during periods of peak demand (as when they charged more for pork at holiday times), withheld products that were available in abundance through state-run outlets, and grew varieties that could be harvested and sold when the crops sold by the state were out of season (Benjamin, Collins, and Scott 1984, 65–66).

Even if consumers became unhappy about prices on the MLCs, they had little hope of bringing them down through collective action. Boycotting the markets would have meant foregoing products that were available nowhere else. Political pressure through the OPPs to impose price controls could have backfired because the OPPs were formally responsible for administering local markets and criticism from constituents would reflect badly on the OPPs. Moreover, Castro had already made clear his opposition to price controls and might have used an impasse over prices as a pretext for eliminating the markets. Consumers could not even count on the personal interests of top politicians, who rarely used the markets themselves.⁵⁶

As MLC prices approached those previously found on the black market, they exposed an income-based stratification never before revealed through legal markets.⁵⁷ Low-income households could buy from the MLCs only once a month or less to supplement their rations of rice, beans, and root crops, and on special occasions to buy plantains, pork, and other meats. Middle-income families typically used the markets every other week for staples, garlic, onions, fresh fruits, and vegetables. Higher-income households (usually those with two professional incomes) shopped at the markets at least once a week, regularly buying in addition to the goods mentioned poultry, rabbits, and sausages. Families with young children, regardless of income, depended on the MLCs for malanga, yuca, and supplementary supplies of fresh milk and eggs.⁵⁸

Despite the markets' popularity, sales never reached levels that

55. My informants were all basically pleased with the MLCs. Although Cubans often complained about prices, their complaints were not fundamental criticisms of the markets themselves.

56. Government officials had access to high-quality food products through hard-currency stores and an informal system of exchange. Interview with Llovio-Menéndez. This point was corroborated by four other informants who had access to such sources through government posts or family contacts. All informants claimed never to have seen anyone they recognized as a high government official using the MLCs.

57. Interview with Llovio-Menéndez. This observation was confirmed by the majority of the recent Cuban emigrés interviewed in the Miami area.

58. Benjamin and her associates found that 50 to 80 percent of all Cuban households could afford to use the markets (1984, 69). My sample, although small, indicates that (with the exception of the top governmental and military personnel) virtually all urban households used the MLCs. My informants fully corroborated the other findings of Benjamin, Collins, and Scott on stratification of consumption.

would allow prices to meet popular expectations. During the first quarter of 1981, the MLCs accounted for only 6.5 percent of total national food sales (Benjamin, Collins, and Scott, 1984, 67). According to ANAP, 1984 sales represented less than 5 percent. In 1985 MLC sales totaled seventy million pesos, compared with nine hundred million in the parallel markets (Ghai, Kay, and Peek 1988, 51).⁵⁹ Most small-farm production was still contracted to the *acopio*, and farmers faced stiff penalties for failing to complete their contracts.

Yet aggregate sales do not reflect the importance of the MLCs to consumers. For some goods, the MLCs became indispensable. During the first half of 1985, 80.9 percent of all garlic sold in Cuba came from the MLCs (Ghai, Kay, and Peek 1988, 51). The MLCs held a virtual monopoly on fresh pork, white cheese, peanuts, okra, green beans, and tropical fruits. They were also important sources for taro (15 percent of national sales) and plantains (13 percent), popular items in the Cuban diet that were available on the *libreta* only to those with special dietary needs (Benjamin, Collins, and Scott 1984, 67). Consumers thus regarded the MLCs as serendipitous sources of products they had learned to do without but had never forgotten.⁶⁰ Instead of intervening directly to lower MLC prices, the state tried providing some competition of its own. State-owned and -operated retail outlets (*ferias del agro*) were created to sell the same items as the markets, but at controlled prices. The quantities, quality, and variety at the *ferias* never reached the levels of the MLCs, however, and the pressure exerted on MLC prices was negligible (Benjamin, Collins, and Scott 1984, 67).⁶¹

The Farmers' Response

In the beginning, peasants seemed to favor the MLCs, hoping that the markets would help stimulate production. Although farmers complained about insufficient time to prepare, they believed that they could eventually double or triple their offerings.⁶² It was apparent that quick and substantial profits could be made.⁶³

59. Government data seriously underestimate the actual amounts and values of goods sold. But even if only half of MLC sales were reported, the share of total sales was still small relative to that of the parallel markets.

60. All my informants spoke of goods "appearing" at the MLCs that had not been available to average Cubans in years.

61. My informants exhibited some confusion about the *ferias del agro*. Half identified them as the fresh produce outlets of the parallel markets, corroborating Benjamin, Collins, and Scott. These informants found the prices to be higher than on the MLCs and the quality inferior. Those living outside Havana remember state markets that replaced the MLCs but did not call them "ferias."

62. Gómez, "Un comentario," *Granma*, 10 June 1980, p. 2.

63. One informant described a 1980 encounter with a peasant in Oriente who had earned five thousand pesos that day selling his own and his neighbors' crops of black beans at an MLC. Interview with Nelson González.

But as an incentive to production, the profit motive had its limitations. Private farmers in Cuba are prohibited by law from buying land. They can legally hire labor only during periods of peak need (like harvests) and can buy only such equipment, seeds, pesticides, and fertilizers as the state will sell them. Moreover, Cuban savings accounts (the only form of investment available to individuals) pay only 3 percent interest. Thus greater profits do not support sustained growth in production, they merely increase personal income. Some farmers got rich, but the paucity of consumer goods limited the usefulness of their higher incomes. And conspicuous consumption with the profits made by charging prices that seemed high to workers further isolated private farmers from the socialist mainstream.

Initially, the government reported that the MLCs were positively affecting productivity of the official sector. Products that had disappeared from official outlets (because the cost of production exceeded the price offered by the *acopio*) were restored to profitability by the MLCs.⁶⁴ Some small farmers satisfied their *acopio* contracts for the first time in many years (Forster and Handelman 1985, 189).

Problems soon arose, however, with peasants diverting resources from production for the *acopio* to production for the MLCs.⁶⁵ By 1982 production for the MLCs had failed to reach expected levels and production for the *acopio* was suffering as well.⁶⁶

Expectations that CPA production would bring prices down were partly based on the advantages that Decree 66 gave cooperativists over private farmers. The CPAs enjoyed a larger pool of labor (including retirees) to grow surplus crops and take them to market. Private farmers, especially those raising labor-intensive crops, found it difficult to bring their goods to market (Capote 1980, 11).⁶⁷ Yet the profit motive was a more powerful incentive for the private farmers than for the cooperatives. CPA members had to relinquish their profits for distribution to the whole membership, and the social context of the CPAs made individual enrichment and conspicuous consumption impossible. The cooperatives' organiza-

64. Martínez, "Mercado libre campesino," *Bohemia*, 13 June 1980, p. 56.

65. Llovio-Menéndez claimed that it was common for peasants to divert half of their resources to the MLCs. Similar claims were made in articles criticizing the MLCs that appeared a few years later in the official press. Available data on gross amounts delivered to the *acopio* by peasants make it difficult to confirm that claim. Deliveries of fruits, vegetables, and meats other than beef seem to have declined between 1981 and 1982, while deliveries of rice and roots and tubers increased (see Figueroa Arbelo and García de la Torre 1984, t. 4; also U.S. CIA 1984, t. 13). Llovio-Menéndez, Benemelis, and the two former peasants suggested that the quality of production for the *acopio* suffered from the diversion of the farmers' efforts and resources, even when quantities did not.

66. Lázaro Barredo Medina, "Sobre los mercados libres: el 'filón' de la Virgen del Camino," *Granma*, 27 Mar. 1982.

67. The farmers with whom I spoke said that they had transported goods in their own cars or, when necessary, hired trucks from La Empresa Estatal de Fletes.

tional advantage for using the MLCs was overshadowed by the stronger motivation of private farmers. As a result, the CPAs did not bring enough goods to market to undermine the price structure created by individual farmers and illegal retailers who emerged to take advantage of the high level of demand (Benjamin, Collins, and Scott 1984, 66).

Advocates and Critics

During the first two years of operation, high prices did not greatly discourage advocates of the MLCs. Rather, the markets succeeded almost immediately in creating an appearance of abundance by returning tropical fruits, malanga, plantains, okra, and fresh pork to the Cuban market basket.

Problems with the MLCs during 1980 and 1981 were treated in the press as growing pains that would be easily resolved within the existing structure. Not until late 1981 did reports of abuses and violations begin to appear. On the contrary, the ICIODI announced that, for the first time, it was satisfied with national distribution of fresh produce (*Opina* 1981, 38–39), calling the MLCs one of the main positive developments for consumers during 1980 (*Opina* 1980b, 45; 1981, 38–39). According to *Bohemia*, Cuban consumers' faith that the laws of supply and demand and the CPAs would yield lower prices continued through several months of operation.⁶⁸ Even the official party organ took pains to explain that the markets did not compromise fundamental principles of socialism because they stimulated small producers to fulfill *acopio* contracts and served the needs of the people.⁶⁹

Nor did the press seem to be overstating consumer optimism.⁷⁰ Yet active opposition existed among political elites from the beginning. In December 1980, a secret accord was produced for the second PCC congress that proclaimed support for the CPA movement and outlined a plan for the disintegration of the MLCs. The report, which was circulated to key officials at the Comité Estatal de Finanzas, JUCEPLAN, and Comercio Interior, purportedly stated that the MLCs would collapse on their own if allowed to continue as originally structured and that the party intended to let that happen. The secret accord put MLC supporters in an awkward position. Because it concluded that the MLCs would fall of their own weight, supporters were not required to become active opponents. Yet the accord made active support of the markets politically unwise, and by pointing out the problems the MLCs posed for the CPAs, it neutralized ANAP's

68. Martínez, "Abaratar los mercados," *Bohemia*, 24 July 1981, p. 33.

69. Gómez, "Un comentario," *Granma*, 10 June 1980, p. 2.

70. *Ibid.* See also Martínez, "Mercado libre campesino," *Bohemia*, 13 June 1980, p. 56. My informants said that in 1981 they still expected prices to go down.

support. After the congress, ANAP focused its political work on encouraging formation of CPAs.⁷¹ Soon the tone of press reports on the MLCs changed. An article appeared in *Granma* in early 1982 citing the negative effects of the MLCs on the acopio and holding acopio officials responsible for contract violations. Acopio officials were chastised for their laxity and advised to be more rigorous in negotiating and enforcing contracts. The article also claimed that peasants had underestimated production capacities and even ignored acopio contracts to free goods for sale in the MLCs. The regional offices of the acopio were admonished to combat illegal activities among the farmers in their areas. The Comité Estatal de Finanzas also came under fire for the low rate of taxation, although the rate was one of Castro's contributions to the MLC policy.⁷²

1982–1986: CRACKDOWN, REFORM, AND BEYOND

Slightly less than two years after they began, the MLCs reached a watershed. Consumer complaints about prices and accusations of illegal activities provided the backdrop for a dramatic on-site crackdown in February 1982. This operation was followed by a major reform of the laws and procedures governing operations in 1983. As opposition began to jell and find public expression, the nature of the MLCs changed drastically, and MLC supporters found their position increasingly tenuous.

The Crackdown

By the beginning of 1982, it was clear that the number of sellers participating in the MLCs was not increasing and that prices would continue to climb. Many of those reaping substantial profits from sales turned out to be not peasants but illegal intermediaries. MLC administrators, who were seriously understaffed and underpaid, became prey to corrupting influences. At the larger market sites like La Virgen del Camino in Havana, a single administrator with a two-person staff was expected to supervise hundreds of sellers. The few administrators were barely capable of collecting the rents on market space—checking documents and reg-

71. Information on the secret accord comes from my interview with Llovio-Menéndez. In 1981 and 1982, there was virtually no mention of the MLCs in the ANAP's monthly magazine. Its main themes in those years were the CPA movement, production issues, and preparations for the sixth national congress. ANAP and CPA officials in Cuba told me that encouraging CPA formation was one of the main aspects of ANAP's political work among private farmers. Interview with Angel González, Buró Provincial de la ANAP, Matanzas, 26 June 1987; and interview with Tomás Sánchez, CPA Ramón Martel, province of Havana, 27 June 1987. The former peasants I interviewed claimed that pressure on them to join CPAs intensified in the early 1980s.

72. Barredo Medina, "Sobre los mercados libres," *Granma*, 27 Mar. 1982.

istering accurate sales data proved impossible.⁷³ The local OPPs were also overwhelmed by the pervasiveness of abuses.

Public pressure mounted for government action (Benjamin, Collins, and Scott 1984, 71–72).⁷⁴ Citizens complaining of high prices dubbed the sellers “Los Bandidos de Río Frío,” after a popular Mexican soap opera. But official criticism stopped short of condemning the markets by distinguishing between honest peasants who were selling legally and abusers.⁷⁵ Consumers were far less concerned about the legality of market activities than about prices.

The alleged abuses of the MLCs represented a setback to the reformers who had argued that the state could use free-market mechanisms without losing control of the domestic food sector. Rather, the MLCs effectively had provided a new venue for black-market activities (Benjamin, Collins, and Scott 1984, 71). Intermediaries, much as they had done in the 1970s, bought goods from farmers, transported them to the cities, and sold them to urban consumers. But instead of selling them clandestinely, intermediaries were now selling them openly at MLC sites.⁷⁶

Although not reported in the press until 1982, problems with intermediaries, high prices, and profiteering quickly dominated discussions about the MLCs. Officials in the Ministerio del Interior were aware of the difficulties but did nothing.⁷⁷ Thus the problems were allowed to incubate for several months before a solution was sought. Finally, it fell to Comercio Interior, one of the MLCs’ strongest institutional supporters, to join the Policía Nacional Revolucionaria (PNR) in a crackdown on the Havana markets.

The raid by the PNR and Comercio Interior, 21–28 February 1982, was named “Operación Pitirre en el Alambre” after the countersign allegedly used by the “bandidos” to warn each other of the presence of inspectors and police.⁷⁸ One hundred and sixty-seven arrests were made. Those who were not detained reportedly returned to sell the next day.⁷⁹ Vendors

73. Barredo Medina, “Operación Pitirre,” *Granma*, 17 Mar. 1982, p. 6.

74. The problem of illegal sales and sellers appears to have been most serious in the large markets in the city of Havana. Informants from Matanzas, Camagüey, and Ciego de Avila heard of problems in Havana but did not witness flagrant violations in their own areas. Informants from Havana saw sellers who they believed were not peasants as well as peasants with seemingly endless supplies of certain goods. The two former peasants from Camagüey knew of no illegal sellers in the markets they used but were aware of neighbors who transported garlic to Havana.

75. Magda Martínez, “Una tema de actualidad,” *Bohemia*, 26 Mar. 1982, p. 58.

76. Rafael Núñez related discussions he had with Cuban peasants in 1988 and 1989 in which they described how truck drivers working for the acopio and the Empresa Nacional de Fletes operated an illegal network for delivering goods to MLC sites. Interview with Núñez.

77. Interview with Llovio-Menéndez.

78. Barredo Medina, “Operación Pitirre,” *Granma*, 17 Mar. 1982, p. 2.

79. See Reinaldo Peñalver Moral, “¿Cómo marcha el mercado libre campesino? Después de la operación Pitirre en el Alambre,” *Bohemia*, 26 Mar. 1982, p. 56. All my informants were

were arrested for a variety of reasons: using undated, falsified, or expired documentation; selling meats, sausages, and live animals without the necessary veterinary certificates; or selling proscribed goods, including imported goods, manufactured goods, and goods stolen from government warehouses. Farmers were arrested for other infractions: selling in excess of amounts declared and licensed; selling more than their own plots could produce; or selling goods for which they had not satisfied their *acopio* contracts (either without certification or with falsified documents). Goods and sellers from outside the province were discovered at many sites. Sellers with urban addresses were marketing goods impossible to grow on urban plots. Moreover, some administrators had cooperated with the illegal sellers to produce records that did not reflect observed market activities.⁸⁰ One market administrator was accused of alerting violators to flee before the police and inspectors could reach them.⁸¹

The largest numbers of abuses were discovered in the big markets in Havana, especially at La Palma and La Virgen del Camino.⁸² Records seized there by inspectors showed volumes of sales that could not possibly have originated solely from legitimate surplus production. Reports in the press declared that the state was being "swindled."⁸³

The La Palma raid on 28 February 1982 completed the crackdown. Of the 329 vendors investigated, 85 percent represented themselves as private producers (not affiliated with a CPA) or urban parceleros. The vast majority of the urban-based vendors turned out to be intermediaries.⁸⁴ Overall, only half the sellers had all of their papers in order and were selling according to the law.⁸⁵ In addition to the arrests, forty thousand pesos in cash and an undisclosed amount of goods were confiscated. Agents of Comercio Interior sold the confiscated goods immediately and directly to the public, at prices 50 to 75 percent below those offered by the "bandidos."⁸⁶

The press vilified the intermediaries and profiteers and heaped scorn on the government and state agencies responsible for licensing the vendors and clearing goods for sale.⁸⁷ The site at La Virgen del Camino became a national symbol of problems of the MLCs. After the crackdown,

aware of the operation, but none of them actually witnessed it. Although confined to Havana, the crackdown had an impact nationwide.

80. Barredo Medina, "Operación Pitorre," *Granma*, 17 Mar. 1982, p. 5.

81. Peñalver Moral, "¿Cómo marcha el mercado libre campesino?" *Bohemia*, 26 Mar. 1982, pp. 56-57.

82. *Ibid.*

83. Barredo Medina, "Operación Pitorre," p. 5. Such reports call into question the low percentages of the national food supply attributed to the MLCs in official statistics.

84. *Ibid.*

85. *Ibid.*, p. 6.

86. Barredo Medina, "Operación Pitorre," *Granma*, 17 Mar. 1982, p. 6.

87. *Ibid.*, p. 6.

a new administrator was appointed, and operations were carefully monitored. Each seller had to display his or her papers, check in and out with the market administrator, and report the amounts sold every day.⁸⁸

The press reported that public reaction to the raid was overwhelmingly positive.⁸⁹ But support of the crackdown did not connote agreement on what should be done about the MLCs. Articles appearing after the raids reported suggestions from various sources. A scathing article in *Bohemia* proposed that violators be subjected to severe punishment and that the rules and procedures governing the MLCs be fundamentally reconsidered.⁹⁰ Another article quoted consumers in the markets at the time of the raids as advocating government price controls.⁹¹ Both commentators, however, maintained that the state should not intervene between buyer and seller in ways that might discourage or exploit the "revolutionary peasant," words that translated into no price controls.⁹²

Another analyst blamed the situation partly on transportation problems, observing that because most farmers lived far away from market sites and could not find reliable transportation, they were ripe for exploitation by intermediaries.⁹³ That idea was taken a step further at the 1982 ANAP congress, when some farmers argued that they needed intermediaries because they could not farm and sell at the same time and had no legal means of transporting goods to the cities (Benjamin, Collins, and Scott 1984, 71). Another article written after the raids, however, reported that the state did not intend to eliminate the MLCs for the present but would sustain the militancy and vigilance of "Pitirre en el Alambre" to guard against further destructive behavior.⁹⁴

The reforms that were implemented in 1983 took a different tack than many consumers, farmers, or journalists would have liked. When Castro addressed the 1982 ANAP national congress, he had shown no interest in basic procedural modifications of the MLCs but had proposed a 50 percent tax on profits. Thus the principles of no price controls and no direct political control by consumers or private farmers remained intact, but a compromise over taxation raised the rate from a flat 3 percent to a flat 20 percent.⁹⁵ The right to sell in the MLCs was limited to private tillers who were ANAP members with clear legal title to their land. CPAs, state farms, and most urban parceleros were barred from further participation, and the remainder of Decree 66 remained in force.

88. Peñalver Moral, "¿Cómo marcha el mercado libre campesino?" *Bohemia*, 26 Mar. 1982, p. 57.

89. Barredo Medina, "Operación Pitirre," *Granma*, 17 Mar. 1982, p. 5.

90. Martínez, "Una tema de actualidad," *Bohemia*, 26 Mar. 1982, p. 58.

91. Barredo Medina, "Operación Pitirre," *Granma*, 17 Mar. 1982, p. 6.

92. *Ibid.*; and Martínez, "Una tema de actualidad," *Bohemia*, 26 Mar. 1982, p. 58.

93. Martínez, "Una tema de actualidad," *Bohemia*, 26 Mar. 1982, p. 58.

94. Barredo Medina, "Sobre los mercados libres," *Granma*, 27 Mar. 1982.

95. "Cuba to Abolish Farmer Markets," *New York Times*, 20 May 1986, sec. 1.

These reforms did nothing to address the problem of high prices, however. Reducing the number of sellers and failing to regulate prices virtually guaranteed that prices would remain high and probably rise. The new tax rate discouraged sellers and provided an incentive for renewed black-market activity. Meanwhile, the state continued to rely on the parallel markets and the *ferias del agro* as alternatives to the rationing system and the MLCs.

Supporters and Opponents, 1982–1986

Those who still supported the MLCs after the crackdown argued that, although seriously flawed, the markets could continue to perform a necessary economic function. As late as 1984, Cuban academicians were publishing articles in the country's leading economic journal discussing the needs revealed by the MLCs and ways in which new marketing arrangements could better serve the requirements of socialism (Pérez Luján 1983; Figueroa Arbelo and García de la Torre 1984). Prominent economic reformers like Carlos Rafael Rodríguez remained publicly supportive and expressed doubt that the markets would be eliminated completely (*Latin American Regional Reports* 1982, 8).

Many farmers and consumers also felt that, with basic reforms, the MLCs could still work. A month after the crackdown, some noted that they were receiving better treatment from the sellers and that prices had gone down a bit. But the operation also left buyers complaining that products previously available had disappeared,⁹⁶ that quantities in general had decreased, and that the number of vendors had been reduced by half.⁹⁷

The events of 1982 had divided the ANAP rank and file, and the 1983 reforms weakened the already thin institutional support for the MLCs. Private farmers became the only group still unequivocally supporting the MLCs, and they openly criticized the government crackdown. Honest producers felt they were being vilified for the abuses of a few and complained about the regulations prohibiting sales by farmers outside their home area, pointing out that no such restrictions existed in the USSR and other socialist countries. Producers also scored the ban on intermediaries as unrealistic and proposed a legalized distribution and marketing system that would allow farmers to spend their time growing food rather

96. Peñalver Moral, "¿Cómo marcha el mercado libre campesino?" *Bohemia*, 26 Mar. 1982, p. 57.

97. Interview with Nelson González; this point was corroborated by all others who were asked. Informants from Havana described drastic reductions in the numbers of sellers and goods. Those from other parts of the island were under the impression that the crackdown had ended the markets. Three informants from Matanzas reported that government-run produce markets (probably *ferias del agro*) replaced the MLCs in mid-1982.

than transporting and selling it (*Latin American Regional Reports* 1982, 8). One peasant selling in Havana claimed that farmers in nearby Güines had an abundance of products not available in the capitol but that the climate of fear created by the crackdown made their municipal OPP unwilling to grant permission to transport the goods.⁹⁸ At the ANAP national congress in May 1983, private farmers spoke in favor of using intermediaries and allowing free transmittal of goods, despite the objections of CPA members. A freewheeling debate took place, in Castro's presence, between private farmers and cooperativists in which the private farmers expressed their preference for the MLCs or some other method of applying the laws of supply and demand over renewed government regulation (Benjamin, Collins, and Scott 1984, 76). The farmers argued that the crackdown served as a disincentive to honest participation in the MLCs because farmers could get the same prices while cutting their expenses by selling directly from the farm (Benjamin, Collins, and Scott 1984, 75).⁹⁹ In their view, most Cuban consumers did not like the high prices but appreciated the quality, variety, and easy access afforded by the MLCs (Benjamin, Collins, and Scott 1984, 76).

The reforms seriously weakened the markets nevertheless. And in the end, the tacit community of interests that existed among private farmers and consumers was no match for the organized political power of opponents of the MLCs, who were led by Castro and the CPAs.

1986: THE CLOSING OF THE MERCADOS CAMPESINOS LIBRES

Toward the end of May 1986, the decision was made to close the MLCs. Although little of the actual decision-making process has been revealed, much can be inferred from the reasons given for the decision and from its effects, the methods developed by the state to replace the MLCs, and the timing of the closure relative to the rectification process.

The official reasons for eliminating the MLCs all referred to the negative consequences of profiteering and other abuses.¹⁰⁰ By placing unprecedented wealth in the hands of private farmers and intermediaries, the MLCs discouraged farmers who might otherwise have joined CPAs and thus caused discord between workers and peasants. In short, the markets had created distortions that deterred socialist development.¹⁰¹

98. Peñalver Moral, "¿Cómo marcha el mercado libre campesino?" *Bohemia*, 26 Mar. 1982, p. 57.

99. Two former peasants recalled similar discussions at local ANAP meetings and stated that they had stopped selling immediately after the operation.

100. "Cuba to Abolish Farmer Markets," *New York Times*, 20 May 1986, sec. 1.

101. Interview with Angel González; and interview with Felipe Velasco and Noemi Bermúdez, of the international relations department, Havana Province OPP, Havana, 18 June 1987.

Barring the CPAs from the MLCs had not proved to be the answer because the temptations and negative examples remained. Castro felt that it was unreasonable to ask the cooperativists not to turn to the MLCs when they saw others getting rich who had worked no harder than they had.¹⁰² Moreover, farmers in general were so tainted by the negative publicity about the MLCs that even after cooperative members had been barred from participation, CPA leaders felt the need to assure Castro and the public that the problems with the MLCs had been beyond their control. For example, the president of one cooperative in the province of Camagüey proclaimed before the sixth ANAP congress in 1986 that the ones who had abused the MLCs were intermediaries, not peasants. The congress, which immediately preceded the second national meeting of the CPAs, supported eliminating the MLCs.¹⁰³ At both 1986 meetings, abuses were widely discussed and documented, although many of the more spectacular accusations may have been more rhetorical than real.¹⁰⁴

The cooperativists provided Castro with a popular base of support for his anti-market position—something he had lacked in the 1970s. At the CPA meeting, delegates decried the continued profiteering, exploitation, and parasitism spawned by the MLCs and related anecdotes about peasants who had flaunted the wealth gained from flagrantly illegal market activities.¹⁰⁵ Castro summarized the official position of the CPAs by listing the reasons why they did not need the MLCs. First, the tax structure on sales to the state favored the CPAs over individual farmers. Second, the *acopio* and the newly formed *Empresas de Frutas Selectas* (which will be discussed further) paid them well for their surplus produce. Third, the MLCs angered consumers who needed the goods but resented the high prices. Finally, if the MLCs continued, the CPAs as members of the peasantry would be dragged down with them.¹⁰⁶

But although they opposed the MLCs, CPA members did not reject free markets on principle. Instead, they cited poor administration and the abuses of profiteers as their reasons for shunning the MLCs. CPA members also admitted that some cooperativists had committed errors. After the meeting, the position disseminated in the name of the CPAs was that the MLCs, as constituted, were beyond repair.¹⁰⁷ At the close of the meeting, Castro announced that the sentiments expressed by delegates had convinced him that the markets could be abolished immediately.¹⁰⁸

102. "Unanimous Call for End of the Free Peasant Market," *Granma Weekly Review*, 1 June 1986, p. 3.

103. Alberto Pozo and Magda Martínez, "El principio del fin de la mala yerba," *Bohemia*, 23 May 1986, p. 7.

104. "Unanimous Call," *Granma Weekly Review*, 1 June 1986, p. 3.

105. Pozo and Martínez, "El principio del fin," *Bohemia*, 23 May 1986, p. 5.

106. "Unanimous Call," *Granma Weekly Review*, 1 June 1986, p. 3.

107. Pozo and Martínez, "El principio del fin," *Bohemia*, 23 May 1986, p. 5.

108. "Unanimous Call," *Granma Weekly Review*, 1 June 1986, p. 3.

New State-Controlled Marketing Alternatives

The development of structures intended to supplant the MLCs began well before the Second National Meeting of the CPAs. Between 1980 and 1986, the state committed considerable resources to developing two new systems of retail outlets—the parallel markets and the *ferias del agro*—while neglecting the administrative and infrastructural needs of the MLCs.¹⁰⁹ As free markets closed, state-run “markets” moved into the vacated sites. And to encourage production of food crops on state farms and cooperatives, new impetus was given to the practice of *autoconsumo*.¹¹⁰

Through the *acopio* and its new subsidiaries, Las Empresas de Frutas Selectas, the state hoped to establish its control over the distribution of surplus high-quality perishables grown on private lands and over excess *autoconsumo*. By offering prices higher than those contracted for basic production, the state hoped that Frutas Selectas could supply the *ferias*, the parallel markets, restaurants, and the tourist industry. The *ferias* were expected initially to compete with the free markets and eventually to replace them (Ghai, Kay, and Peek 1988, 47).¹¹¹

By mid-1981, sixteen *ferias* were operating in Havana (as compared with twelve sites for the MLCs). But the *ferias* did not challenge the MLCs in quantity or quality of goods sold because the prices paid by the state were still lower than the retail prices farmers could command in the MLCs.¹¹² In the early 1980s, attempts were made to centralize existing state-run retail food outlets. In Havana the plan was to eliminate thousands of small specialty stores scattered throughout the city that were selling rationed, *libre*, and parallel-market goods and to replace them with modern *mercaderitos* and *supermercados* that would stay open thirteen hours a day to accommodate the schedules of working women.¹¹³ The cornerstone of the new system was El Centro, a supermercado opened in 1981 in the old Sears building in downtown Havana.¹¹⁴ Others were planned but have not materialized to date.¹¹⁵ Frutas Selectas was made responsible for stim-

109. *Ibid.*, p. 2.

110. *Autoconsumo*, officially begun in 1980, legitimized the practice of reserving land on state farms and CPAs for growing crops for the workers and their families. The goal was to make every state farm and CPA self-sufficient in food. Surplus *autoconsumo* could be sold to the state (PCC 1981, 45). See also Roberto Salomon, “Adios al conuco,” *Bohemia*, 4 Oct. 1985, pp. 28–31.

111. See also Janet Salva, “Lo moderno se impone,” *Bohemia*, 19 June 1981, p. 47.

112. Interviews with Llovio-Menéndez and Nelson González. Eighteen of twenty informants found the goods at the *ferias* more expensive and lower in quality than those sold on the MLCs or the black market.

113. Salva, “Lo moderno se impone,” *Bohemia*, 19 June 1981, p. 47.

114. *Ibid.*, 48–49. During a visit to Cuba in June and July of 1987, I observed that *bodegas* were still common in the cities of Havana, Santiago and Matanzas. Six of my informants originally from Havana stated that they had rarely shopped at the supermercado because of long lines and high prices.

115. By the end of 1990, the entire parallel-market system, including El Centro, had been

ulating CPA and state-farm production of items previously found mainly on the black market or in the MLCs.¹¹⁶ The administration of sales by all food producers was reorganized under a single national acopio, ostensibly to promote efficiency, end corruption, and equalize distribution.¹¹⁷

Cooperativists, because of their exclusion from the MLCs after 1982 and the preferential treatment they received from the acopio, supported the expanded use of the parallel markets.¹¹⁸ According to government data, abolition of the MLCs left only a "small gap" in the satisfaction of consumer demand, which could easily be filled by the parallel markets.¹¹⁹ As noted previously, however, the data on which such claims were made seriously underestimated the impact of the MLCs.

Autoconsumo also failed to live up to expectations. In late 1985, *Bohemia* reported that self-sufficiency for Cuba's 1,300,000 agricultural laborers was still a distant goal due to low productivity in the state sector, poorly developed infrastructure, and shortages of production inputs,¹²⁰ the same problems for which the MLCs were intended to compensate.

Recentralization of Economic Control

By the time the MLCs closed, the Cuban economic development strategy had entered a new phase. No scholarly consensus exists as to when the rectification campaign actually began, but it was undoubtedly in place by the first session of the third congress of the Partido Comunista de Cuba in February 1986 (Mesa-Lago 1989, 99). As an economic program, "rectification" meant eliminating much of the private enterprise that had developed in the previous period, a renewed emphasis on moral incentives, more centralized control in decision making and management, and the political decline of the economic reformers (Azicri 1988, 125–26; Zimbalist 1988a, 15; Mesa-Lago 1988, 80; Rabkin 1988, 34–35; Roca 1988, 118). Ideologically, rectification spelled the end of the "mixed model." Yet "rectification" was something less than a full swing of the pendulum back to the Fidelista extreme. As a practical matter, rectification consolidated the political setbacks experienced by reformism since the crackdown on the markets in 1982 and established themes for addressing new domestic and international challenges.

With the closure of the MLCs, problems in the domestic food sector

shut down due to severe shortages resulting from changes in the Soviet Union and Eastern Europe.

116. "Unanimous Call," *Granma Weekly Review*, 1 June 1986, p. 3.

117. Salomon, "Adios al conuco," *Bohemia*, 4 Oct. 1985, pp. 28–29.

118. "Unanimous Call," *Granma Weekly Review*, 1 June 1986, p. 5.

119. *Ibid.*, p. 3.

120. Orlando Gómez et al., "Interesantes intervenciones en torno al informe central al VI Congreso de la ANAP, aprobado ayer," *Granma*, 14 Dec. 1981, pp. 1–3.

were again subject to state-centered solutions. If the MLCs had worked according to the projections of their supporters, they would have allowed the state to defer to the peasants in dealing with problems of inputs, investment, supply, and distribution in the domestic food sector. In economic terms, such an approach was rational. Private farmers had shown considerable talent for doing much with limited inputs (Forster 1981–82). But from the perspective of the most powerful political leaders and the best organized popular groups, the political costs associated with allowing the MLCs to continue were too great. Armed with a public record of consumer complaints and the support of the CPAs, market opponents were able to act decisively.

THE POLITICS OF CLOSING THE MLCs

The decision to close the MLCs took place in a context of power realignments and policy changes that affected peasants, consumers, and political elites. The differentiation of interests within the peasant sector caused by the CPA movement was a critical factor in deciding to close the MLCs. Castro had long been wary of the political problems inherent in allowing a rural petite bourgeoisie to gain economic power in an agrarian socialist country (Flora 1980, 42). When ANAP began to dedicate itself to the CPA movement, individual private farmers lost much of their influence. And when the PCC openly embraced the movement in 1980, the political isolation of the private farmers was nearly complete. As early as 1981, accounts of open disagreements between private farmers and cooperativists over the MLCs appeared in the press.¹²¹ Then in 1985, José Ramírez Cruz, an early supporter of the free markets, was dismissed as president of ANAP. Without a powerful representative among the political elite or an institutional base from which to defend their interests, private farmers were helpless when the political tide turned against the MLCs.

Although “honest peasants” were not directly attacked in the actions taken against the MLCs, official accounts emphasized the vulnerability of the private sector to corrupting anti-socialist influences. The Cuban press coverage of Operación Pitrre en el Alambre claimed that farmers were colluding in setting prices, withholding goods from market, and warning each other of the presence of inspectors.¹²² For leaders most threatened by the political power derived from private ownership, the MLCs had the ominous potential of providing opportunities for unregulated communication and collective action by anti-socialist elements.

There is no direct evidence, however, that consumers actually opposed continuation of the MLCs, and in retrospect many seem to have

121. Barredo Medina, “Operación Pitrre,” *Granma*, 17 Mar. 1982, pp. 2–6.

122. Pozo and Martínez, “El principio del fin,” *Bohemia*, 23 May 1986, p. 7.

regretted the loss.¹²³ But their support had been weak and divided, a situation best explained by the conjuncture of four factors: high prices, the inhibiting effects of the 1983 reforms on the MLCs, a turn away from material incentives in the mid-1980s, and the absence of any political organization representing consumers qua consumers.

Observers in Cuba at the time reported complaints by consumers, especially those with low incomes, that they were being exploited by the peasants (Benjamin, Collins, and Scott 1984, 70, 72–73; Deere 1984, 5).¹²⁴ Yet complaints do not necessarily connote opposition. Some low-income consumers may have supported closing the markets based on promises by government leaders to put acceptable state-run alternatives in their place. But in general, consumers supported government measures to bring prices down, not to end the markets.

After the 1982 crackdown, the markets played a diminished role for Cuban households. The selection of goods was smaller and the prices even higher than before. In some locations, the markets seemed to have closed completely by 1983. Elimination of many forms of bonuses and material incentives for workers in the mid-1980s further limited access to the MLCs (Rabkin 1988, 35), and official rhetoric began to encourage habits of consumption that would help conserve resources, stimulate exports, and cut back on imports (Zimbalist and Brundenius 1989, 129). It therefore seems likely that even before the rectification campaign was announced, consumers had given up on the free markets.

By 1986 the balance of political forces responsible for the mixed model had shifted. The demise of the MLCs was emblematic of a return to the centralization and politicized economic policy of the radical model. The leaders who favored managerial autonomy, the Sistema de Dirección y Planificación de la Economía (SDPE), and privatization were in decline. Changes in government personnel and new policy initiatives reemphasized moral incentives and state control, while the accompanying rhetoric attacked consumerism, venality, and all forms of “anti-socialist behavior.”

JUCEPLAN President Humberto Pérez was fired in 1985 and replaced by José López Moreno.¹²⁵ At the second national meeting of the CPAs, “systemization and control” were emphasized as the principles needed to overcome inefficiency and ensure completion of agricultural production plans.¹²⁶ Later, in a speech promoting the rectification cam-

123. All informants claimed that they would have preferred that the markets continue as they were rather than close entirely. But it was unclear whether the workers felt that way while the markets were still open or only after they had closed.

124. The nonfarmers I interviewed had witnessed conspicuous consumption by peasants but claimed that they had felt no anger or jealousy.

125. Llovio-Menéndez described José López Moreno as “an old-style Fidelista who prefers ideological criteria to economic data in making policy decisions.” Interview with Llovio-Menéndez.

126. Pozo and Martínez, “El principio del fin,” *Bohemia*, 23 May 1986, p. 6.

paigned and explaining his resistance to Gorbachev-style reforms, Castro scored the MLCs, pointing out the difficulty of instilling revolutionary consciousness and building the “communist man” (“*el hombre nuevo*”) when people with a hectare of land and a few hours of work a year could earn fifty to sixty thousand pesos a year selling garlic.¹²⁷

By 1986 control over economic policy had been recentralized and the SDPE deemphasized. JUCEPLAN was relieved of important aspects of economic planning and administration by el Grupo de Coordinación y Apoyo del Comandante en Jefe, a body of fourteen or fifteen officials (led by the provincial first secretary of Havana) that reported directly to Castro (Ghai, Kay, and Peek 1988, 34–35; Mesa-Lago 1989, 99).¹²⁸

Although the Empresas de Frutas Selectas, the parallel markets, and the ferias del agro seem not to have affected the attitudes of consumers or farmers toward the MLCs, these outlets nonetheless strengthened bureaucratic interests associated with state-controlled distribution of food products. Further centralization occurred when the OPPs were relieved of responsibility for collecting the produce contracted to the state.¹²⁹

Thus the rise and fall of the MLCs are best understood as the outcomes of political conflict. The free peasant markets did not arrive on Cuban shores in an all-encompassing wave of economic reformism nor were they carefully engineered by a unified leadership making objective assessments of economic needs and capacities. The MLCs were the result of hard political work by dedicated individual supporters who persistently pushed for them until objective conditions and popular pressures convinced their opponents to acquiesce. The law that created the MLCs was flawed by compromises (imposed by opponents) that inhibited performance and made effective reform impossible. As popular support for the markets weakened, its advocates’ relative power in government declined. Opponents of decentralization gradually reestablished control over the domestic food sector: first by creating new state-run alternatives to the markets, then by promulgating a reform that nearly destroyed the MLCs, and finally by closing the markets completely.

CONCLUSION

The paucity of good data and the vehemence of passions concerning revolutionary Cuba have limited serious analyses of its politics and economics mainly to clarifying events and demystifying processes. Until now, the study of Cuban development policy has been divided into two

127. “A Good Thermometer of How the Rectification Process Is Going,” *Granma Weekly Review*, 5 July 1987, p. 6.

128. *Cuba sin censura: entrevista con Gustavo Pérez-Cott sobre el Grupo de Coordinación y Apoyo*, photocopy of an undated Radio Martí broadcast, Miami, pp. 3–16.

129. “Unanimous Call,” *Granma Weekly Review*, 1 June 1986, p. 3.

contending approaches. Each approach contains elements necessary to form reasonable hypotheses about the relationship between politics and economics under the Castro regime. The more critical approach, which emphasizes broad swings from one ideological model to another to explain change over time, helps scholars appreciate that Cuban policy-making, like any other political process, is characterized by conflict, compromise, and adjustment. The more supportive approach, which emphasizes the systematic pursuit of carefully ordered priorities by the revolutionary state, reminds analysts that we must not deny the rationality of Cuban decision makers based on subjective assessments of the outcomes of their policy decisions.

The case of the *mercados libres campesinos* demonstrates both conflict and rationality at work. Given Fidel Castro's predominance in most aspects of policy-making and the centrality of socialist principles to his long-term developmental project, conflict within the Cuban state tends to be attenuated and muted when compared with that occurring in pluralist societies. Yet the conflicts are real and decisive. The supporters of the MLCs among Cuban elites and Soviet and Bulgarian advisors developed and promoted their idea over a period of eight years. Their success in 1980 came after they had built up their political strength within key economic institutions and the party, at a time when Castro had turned his attention away from the details of economic management. Even then, the MLCs were different than the proponents had hoped because those who did not perceive economic liberalization as compatible with their political interests placed limitations on the policy that jeopardized its long-term success. Conflict also became evident later in the correlation between the political demotion of some MLCs supporters and the reform and closure of the markets.

The conflict, however, was not simply a contest between two models of socialist development. It was a dispute over policy among actors with clear political interests in the success or failure of liberalizing reforms. In other words, the rationality of the actors involved was not based on calculations of society's developmental needs but resulted from a circumscribed political calculus. For supporters in the MINAG, JUCEPLAN, the ICIODI, the *Comités Estatales de Finanzas y Estadísticas*, and elements within ANAP, the MLCs provided increased importance in the domestic political economy and association with a policy that they hoped would bring increased popular support to the revolutionary regime. For MLC opponents, including Fidel Castro, Arnaldo Milián, the provincial first secretaries, and the CPAs, successful MLCs threatened their continued control over the domestic political economy by focusing credit for improved conditions on the agrarian private sector and the technocratic elites. For MLC supporters, economic success brought political success. Thus for the opponents, the political costs of success outweighed the economic benefits.

As of early 1992, the situation of Cuban consumers has worsened substantially due to an unprecedented economic crisis. The government has responded by intensifying the rectification campaign under the name of a "special period in time of peace." Rather than allowing economic liberalization to provide food and consumer goods at market prices, the government has eliminated even the parallel markets and extended the rationing system. The current approach favors shared scarcity over methods of stimulating production that might create further inequality or empower anti-socialist forces or both. At the recently concluded fourth congress of the PCC, Castro reportedly reacted angrily to the suggestion that a peasant free-market system be reintroduced.¹³⁰ Now that most of the former proponents of the MLCs have been removed, there seem to be no strong supporters left within the government to push for liberalization. If the Castro government fails to improve on present conditions without resorting to market mechanisms and if current methods for mobilizing popular support for the regime break down, the next political conflict over the domestic food supply could pit the government against the consumers.

130. See, for example, Richard Boudreaux, "Cuban Party Takes Few Steps to Reform System," *Los Angeles Times*, 15 Oct. 1991, sec. A, p. 4.

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